

**Resource Recovery and  
Recycling Authority of  
Southwest Oakland County**

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**Financial Report  
with Supplemental Information  
June 30, 2008**

# **Resource Recovery and Recycling Authority of Southwest Oakland County**

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## Independent Auditor's Report

To the Board of Trustees  
Resource Recovery and Recycling Authority  
of Southwest Oakland County

We have audited the accompanying financial statements of the governmental activities and each major fund of Resource Recovery and Recycling Authority of Southwest Oakland County as of and for the year ended June 30, 2008, which collectively comprise the basic financial statements as listed in the table of contents. These financial statements are the responsibility of Resource Recovery and Recycling Authority of Southwest Oakland County's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Resource Recovery and Recycling Authority of Southwest Oakland County as of June 30, 2008 and the respective changes in financial position for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and the budgetary comparison schedules as identified in the table of contents are not a required part of the basic financial statements but are supplemental information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it.

*Plante & Moran, PLLC*

July 21, 2008

# Resource Recovery and Recycling Authority of Southwest Oakland County

## Management's Discussion and Analysis

Our discussion and analysis of Resource Recovery and Recycling Authority of Southwest Oakland County's (the "Authority") financial performance provides an overview of the Authority's financial activities for the fiscal year ended June 30, 2008. Please read it in conjunction with the Authority's financial statements.

### Using this Annual Report

This annual report presents the financial position and the results of operations for each of the Authority's funds, as well as for the Authority as a whole. The individual funds are presented on the modified accrual basis of accounting, which is a short-term view that tells us how resources were spent during the year, as well as how much is available for future spending. This information is then aggregated and adjusted to the full accrual basis to present a longer-term view of the Authority as a whole. This longer-term view uses the accrual basis of accounting so that it can measure the cost of providing services during the current year, and whether the member communities have funded the full cost of providing waste management services.

### The Authority as a Whole

The following table shows, in a condensed format, the net assets on a full accrual basis compared to the prior year:

TABLE I

	June 30			Current Year Change	
	2006	2007	2008	Amount	Percent
<b>Assets</b>					
Current assets	\$ 482,720	\$ 516,953	\$ 655,739	\$ 138,786	26.8
Noncurrent assets	<u>1,652,772</u>	<u>1,618,960</u>	<u>1,588,542</u>	<u>(30,418)</u>	(1.9)
Total assets	2,135,492	2,135,913	2,244,281	108,368	5.1
<b>Liabilities</b>					
Current liabilities	49,820	36,346	38,904	2,558	7.0
Noncurrent liabilities	<u>22,162</u>	<u>17,513</u>	<u>14,372</u>	<u>(3,141)</u>	(17.9)
Total liabilities	<u>71,982</u>	<u>53,859</u>	<u>53,276</u>	<u>(583)</u>	(1.1)
<b>Net Assets</b>					
Invested in capital assets	1,652,772	1,618,960	1,588,542	(30,418)	(1.9)
Unrestricted	<u>410,738</u>	<u>463,094</u>	<u>602,463</u>	<u>139,369</u>	30.1
Total net assets	<u><b>\$2,063,510</b></u>	<u><b>\$2,082,054</b></u>	<u><b>\$2,191,005</b></u>	<u><b>\$ 108,951</b></u>	5.2

The Authority's combined net assets increased approximately 5 percent from a year ago, increasing from \$2,082,054 to \$2,191,005.

# Resource Recovery and Recycling Authority of Southwest Oakland County

## Management's Discussion and Analysis (Continued)

Unrestricted net assets, the part of net assets that can be used to finance day-to-day operations, increased by \$139,369 for the governmental activities. This represents an increase of approximately 30.1 percent. The current level of unrestricted net assets for our governmental activities stands at \$602,463, or about 120 percent of expenditures.

The following table shows the changes of the net assets during the current year as compared to the prior year:

TABLE 2

	Year Ended June 30			Current Year Change	
	2006	2007	2008	Amount	Percent
<b>Revenue</b>					
Contributions from members	\$ 306,695	\$ 302,002	\$ 297,310	\$ (4,692)	(1.6)
MRF revenue sharing	95,926	138,023	188,422	50,399	36.5
Host fees	9,367	8,873	8,924	51	0.6
Drop-off income	21,276	22,633	28,979	6,346	28.0
Interest income	18,547	26,252	20,607	(5,645)	(21.5)
Grant revenue	-	40,905	29,845	(11,060)	(27.0)
Refunds and other	2,363	413	35,304	34,891	8,448.2
Total revenue	454,174	539,101	609,391	70,290	13.0
<b>Expenses</b>					
Salaries and benefits	212,662	230,187	235,577	5,390	2.3
Professional services	82,504	155,023	121,998	(33,025)	(21.3)
Other operating expenses	76,249	62,341	66,936	4,595	7.4
Drop-off expense	38,145	38,412	40,745	2,333	6.1
Depreciation	34,438	34,594	35,184	590	1.7
Total expenses	443,998	520,557	500,440	(20,117)	(3.9)
<b>Change in Net Assets</b>	<b>\$ 10,176</b>	<b>\$ 18,544</b>	<b>\$ 108,951</b>	<b>\$ 90,407</b>	487.5

The MRF revenue sharing and drop-off income increased as a result of fluctuating index values for various commodities. The index values tend to fluctuate significantly as a result of market forces and, in general, cannot be depended upon for future revenue levels.

A drop in the general level of interest rates contributed to decreased interest revenue.

The final portion intergovernmental grant was received during the year, decreasing both grant revenue and associated professional services. Professional services costs also decreased due to completion of a new facility agreement during the year, for which much of the related planning and consulting had been performed in the prior year.

# **Resource Recovery and Recycling Authority of Southwest Oakland County**

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## **Management's Discussion and Analysis (Continued)**

The Authority was able to achieve excellent results in keeping its other costs down.

### **The Authority's Funds**

The individual fund columns provide detail information about each fund, presented on both a modified accrual and full accrual basis of accounting. The Authority creates funds to help manage money for specific purposes as well as to show accountability for certain activities. The Authority's funds include the General Administrative Fund, the Billing Fund, and the Materials Recovery Facility Fund.

### **Budgetary Highlights**

Over the course of the year, the Authority amended the budget to take into account events during the year. Material changes involved amending anticipated revenue associated with MRF revenue sharing. This was a result of sustained increases in the index value for various commodities. The budget was also amended for an intergovernmental grant received after adoption of the initial budget, along with related contractual consulting expenses, and for an unanticipated expense reimbursement related to a lease agreement with the prior owners of the site. Overall, Authority revenue exceeded anticipated amounts by \$57,815.

Overall, Authority departments stayed below budget, resulting in total expenditures for all three funds being \$29,117 below budget.

### **Capital Asset Administration**

At the end of 2008, the Authority had \$1,588,542 invested in a range of capital assets (net of depreciation), including machinery and equipment and office furnishings and fixtures. Of this amount, \$1,550,000 relates to land originally purchased by Waste Management, Inc. during the year ended June 30, 1994. The land has been deeded to the Authority and the Authority worked with the Materials Recovery Facility (MRF) operator (Waste Management, Inc.) to set rates charged by the operator to residents of member communities such that the costs incurred by the operator to purchase the land and approximately 20 percent of its costs to purchase the MRF were recovered within a 15-year period.

The current MRF service agreement expires on September 30, 2008. In anticipation of that expiration, the Authority conducted a comprehensive services procurement process. The Authority publicly solicited for and accepted competitive proposals to provide recycling processing services for the Authority and its member communities. Upon review and analysis of received proposals, on November 29, 2007, the Authority's board of directors authorized the execution of an *Agreement for Operation of the RRRASOC MRF and Processing and Marketing of Residential Recycles*, an agreement between the Authority and Resource Recycling Systems, Inc., a subsidiary of FCR, LLC. The Authority also entered into corresponding MRF services agreements with participating member communities.

# **Resource Recovery and Recycling Authority of Southwest Oakland County**

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## **Management's Discussion and Analysis (Continued)**

Upon termination of the current facility lease, the title for the MRF will be transferred to the Authority. Management will determine the fair market value of the facility during the upcoming fiscal year. The MRF will be recorded as a capital asset addition and capital contribution in the fiscal year 2009 financial statements.

### **Economic Factors and Next Year's Budgets and Rates**

Industry experts indicate that current economic factors support recycling markets and predict that commodity values will remain at or near current levels during the near term. Additionally, the Authority has taken steps to contain and/or reduce costs in various areas. As a result, revenues and expenses are expected to sustain existing operations without any change in current membership rates.

### **Contacting the Authority's Management**

This financial report is intended to provide our member communities with a general overview of the Authority's finances and to show the Authority's accountability for the money it receives from the member communities. If you have questions about this report or need additional information, we welcome you to contact the Authority's office.

# Resource Recovery and Recycling Authority of Southwest Oakland County

## Statement of Net Assets and Governmental Funds Balance Sheet June 30, 2008

	General Administrative	Billing	Materials Recovery Facility	Balance Sheet - Modified Accrual	Accrual Adjustments	Statement of Net Assets - Full Accrual
<b>Assets</b>						
Cash and cash equivalents (Note 4)	\$ 90,403	\$ 11,122	\$ 522,262	\$ 623,787	\$ -	\$ 623,787
Accounts receivable	-	-	26,122	26,122	-	26,122
Prepaid expenses	5,830	-	-	5,830	-	5,830
Total current assets	96,233	11,122	548,384	655,739	-	655,739
Nondepreciable capital assets (Note 5)	-	-	-	-	1,550,000	1,550,000
Depreciable capital assets - Net (Note 5)	-	-	-	-	38,542	38,542
Total assets	<u>\$ 96,233</u>	<u>\$ 11,122</u>	<u>\$ 548,384</u>	<u>\$ 655,739</u>	1,588,542	2,244,281
<b>Liabilities and Fund Balance</b>						
<b>Liabilities</b>						
Accounts payable	\$ 14,698	\$ -	\$ -	\$ 14,698	-	14,698
Due to other governmental units	-	8,777	-	8,777	-	8,777
Salaries payable	4,902	-	-	4,902	-	4,902
Compensated absences:						
Due within one year	-	-	-	-	10,527	10,527
Due in more than one year	-	-	-	-	14,372	14,372
Total liabilities	19,600	8,777	-	28,377	24,899	53,276
<b>Fund Balance - Unrestricted</b>	<u>76,633</u>	<u>2,345</u>	<u>548,384</u>	<u>627,362</u>	(627,362)	-
Total liabilities and fund balance	<u>\$ 96,233</u>	<u>\$ 11,122</u>	<u>\$ 548,384</u>	<u>\$ 655,739</u>		
<b>Net Assets</b>						
Invested in capital assets					1,588,542	1,588,542
Unrestricted					<u>602,463</u>	<u>602,463</u>
Total net assets					<u>\$ 2,191,005</u>	<u>\$ 2,191,005</u>



# Resource Recovery and Recycling Authority of Southwest Oakland County

## Statement of Activities and Governmental Funds Revenue, Expenditures, and Changes in Fund Balance Year Ended June 30, 2008

	General Administrative	Billing	Materials Recovery Facility	Total Modified Accrual	Accrual Adjustments	Full Accrual
<b>Operating Revenue</b>						
Contributions from members	\$ 210,994	\$ 11,000	\$ 75,316	\$ 297,310	\$ -	\$ 297,310
MRF revenue sharing	-	-	188,422	188,422	-	188,422
Host fees	-	-	8,924	8,924	-	8,924
Drop-off income	28,979	-	-	28,979	-	28,979
Interest income	8,234	659	11,714	20,607	-	20,607
Grant revenue	-	-	35,700	35,700	(5,855)	29,845
Refunds and other	521	-	34,783	35,304	-	35,304
Total operating revenue	248,728	11,659	354,859	615,246	(5,855)	609,391
<b>Operating Expenses</b>						
Salaries and benefits	157,312	9,229	73,003	239,544	(3,967)	235,577
Professional services	16,282	-	105,716	121,998	-	121,998
Supplies	4,897	734	1,144	6,775	(1,160)	5,615
Printing and publishing	8,081	-	-	8,081	-	8,081
Postage and mailing	11,716	1,350	-	13,066	-	13,066
Utilities	7,560	-	1,784	9,344	-	9,344
Training and travel	8,500	83	1,667	10,250	-	10,250
Other operating expenses	22,178	733	1,275	24,186	(3,606)	20,580
Drop-off expenses	40,745	-	-	40,745	-	40,745
Depreciation	-	-	-	-	35,184	35,184
Total operating expenses	277,271	12,129	184,589	473,989	26,451	500,440
<b>Surplus (Shortfall)</b>	(28,543)	(470)	170,270	141,257	(32,306)	108,951
<b>Fund Balance/Net Assets -</b>						
July 1, 2007	105,176	2,815	378,114	486,105	1,595,949	2,082,054
<b>Fund Balance/Net Assets -</b>						
June 30, 2008	<u>\$ 76,633</u>	<u>\$ 2,345</u>	<u>\$ 548,384</u>	<u>\$ 627,362</u>	<u>\$ 1,563,643</u>	<u>\$ 2,191,005</u>

# **Resource Recovery and Recycling Authority of Southwest Oakland County**

**Notes to Financial Statements  
June 30, 2008**

## **Note I - Summary of Significant Accounting Policies**

Resource Recovery and Recycling Authority of Southwest Oakland County (the "Authority") is a municipal authority and body corporate, incorporated by the cities of Farmington, Farmington Hills, Novi, South Lyon, Southfield, Walled Lake, and Wixom and was created pursuant to Act 179, Michigan Public Acts of 1947, as amended. Currently, the Authority is engaged in assisting the communities in the coordination of their solid waste management activities. Its ultimate purpose is the collection and disposal of rubbish and acquisition and operation of a waste management system.

The accounting policies of the Authority conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by the Resource Recovery and Recycling Authority of Southwest Oakland County:

### **Modified Accrual and Full Accrual Data**

The Authority has three funds, which are used to demonstrate accountability by separately reporting the use of resources from the Authority's three main sources. The Authority reports the following funds:

- a. The General Administrative Fund, which is the Authority's primary operating fund. It accounts for all financial resources that are not otherwise accounted for in another fund;
- b. The Billing Fund, which provides billing services to certain members' residents; and
- c. The Materials Recovery Facility Fund, which reports the operation of the materials recovery facility

The individual funds are budgeted and accounted for using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Authority considers revenues to be available if they are collected within 45 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

# **Resource Recovery and Recycling Authority of Southwest Oakland County**

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**Notes to Financial Statements  
June 30, 2008**

## **Note I - Summary of Significant Accounting Policies (Continued)**

In addition to presenting information for individual funds, the statements combine all fund activity and present information for the Authority as a whole, using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Private sector standards of accounting issued prior to December 1, 1989 are generally followed in both modified accrual and full accrual columns, to the extent that those standards do not conflict with the standards of the Governmental Accounting Standards Board. The Authority has elected not to follow private sector standards issued after November 30, 1989 for its full accrual presentation.

**Use of Estimates** - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

### **Assets, Liabilities, and Net Assets or Equity**

**Bank Deposits and Investments** - Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

**Prepaid Items** - Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both modified accrual and full accrual columns.

# Resource Recovery and Recycling Authority of Southwest Oakland County

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## Notes to Financial Statements June 30, 2008

### Note I - Summary of Significant Accounting Policies (Continued)

**Capital Assets** - Capital assets, which include land for the MRF site, machinery and equipment, and office furniture and fixtures, are reported in the full accrual column. Capital assets are defined by the Authority as assets with an initial individual cost of more than \$500 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Capital assets are depreciated using the straight-line method over the following useful lives:

Land (MRF site)	Not depreciated
Machinery and equipment	15 years
Office furniture and fixtures	5-10 years

**Compensated Absences (Vacation and Sick Leave)** - It is the Authority's policy to permit employees to accumulate earned but unused sick and vacation pay benefits. A portion of accumulated sick leave is payable upon death or retirement and is accrued. All vacation pay and the portion of sick leave eligible for payout upon death or retirement are accrued when incurred in the full accrual columns. A liability for these amounts is reported in governmental funds only for employee terminations as of year end.

# Resource Recovery and Recycling Authority of Southwest Oakland County

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## Notes to Financial Statements June 30, 2008

### Note 2 - Reconciliation of Government-wide and Fund Financial Statements

As discussed in Note 1, the Authority's financial statements are presented on the modified accrual basis of accounting and are also presented on the full accrual basis. The following is a reconciliation of fund balance on the modified accrual basis of accounting to net assets presented on the full accrual basis:

<b>Net Change in Fund Balance - Modified Accrual Basis</b>	<b>\$ 141,257</b>
Amounts reported in the statement of net assets are different because:	
Decrease in accumulated employee sick and vacation pay is recorded when earned in the statement of activities	3,967
Revenue reported in the statement of activities that does not provide current financial resources is not reported as revenue in the governmental funds	(5,855)
Capital assets used in governmental activities are not considered financial resources; as such, depreciation recorded on those assets is not considered an activity of the funds	(35,184)
Governmental funds report capital outlays as expenditures in the statement of activities; these costs are allocated over their estimated useful lives as depreciation	<u>4,766</u>
<b>Change in Net Assets of Governmental Activities</b>	<b><u><u>\$ 108,951</u></u></b>

# Resource Recovery and Recycling Authority of Southwest Oakland County

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## Notes to Financial Statements June 30, 2008

### Note 2 - Reconciliation of Government-wide and Fund Financial Statements (Continued)

The following is a reconciliation of the changes in fund balance on the modified accrual basis to the change in net assets on the full accrual basis:

<b>Total Fund Balance - Modified Accrual Basis</b>	<b>\$ 627,362</b>
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Amounts reported in the statement of net assets are different  
because:

Capital assets are not financial resources and are not reported in the funds	1,588,542
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Compensated absences are long-term liabilities and are not reported in the funds	<u>(24,899)</u>
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<b>Total Net Assets - Full Accrual Basis</b>	<b><u><u>\$ 2,191,005</u></u></b>
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### Note 3 - Stewardship, Compliance, and Accountability

**Budgetary Information** - Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for all funds. All annual appropriations lapse at fiscal year end. The budget is prepared by the general manager and approved by the board of trustees. The budget document presents information by fund and line items. The legal level of budgetary control adopted by the governing body is the line item level (i.e., the level at which expenditures may not legally exceed appropriations). Budget appropriations are considered to be spent once the goods are delivered or the services rendered.

**Excess of Expenditures Over Appropriations in Budgeted Funds** - The Authority did not have significant expenditure budget variances.

# **Resource Recovery and Recycling Authority of Southwest Oakland County**

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## **Notes to Financial Statements June 30, 2008**

### **Note 4 - Deposits and Investments**

Michigan Compiled Laws Section 129.91 (Public Act 20 of 1943, as amended) authorizes local governmental units to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The local unit is allowed to invest in bonds, securities, and other direct obligations of the United States or any agency or instrumentality of the United States; repurchase agreements; bankers' acceptances of United States banks; commercial paper rated within the two highest classifications, which matures not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions, which are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan.

The Authority has designated one bank for the deposit of its funds. The investment policy adopted by the board in accordance with Public Act 196 of 1997 has authorized investment in bonds and securities of the United States government and bank accounts and CDs, but not the remainder of state statutory authority as listed above. Resource Recovery and Recycling Authority of Southwest Oakland County's deposits and investment policies are in accordance with statutory authority.

The Authority's cash and investments are subject to several types of risk, which are examined in more detail below:

#### **Custodial Credit Risk of Bank Deposits**

Custodial credit risk is the risk that in the event of a bank failure, the Authority's deposits may not be returned to it. The Authority does not have a deposit policy for custodial credit risk. At year end, the Authority had no bank deposits that were uninsured and uncollateralized. As a result, the Authority evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable risk level are used as depositories.

# Resource Recovery and Recycling Authority of Southwest Oakland County

## Notes to Financial Statements June 30, 2008

### Note 4 - Deposits and Investments (Continued)

#### Interest Rate Risk

Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. In accordance with its investment policy, the Authority manages its exposure to declines in fair value by limiting the weighted average maturity of its investment portfolio to a range of 90 days to three years. The Authority's investment policy does not restrict investment maturities other than commercial paper, which can only be purchased with a 270-day maturity. As of year end, the Authority had no investments subject to interest rate risk.

#### Credit Risk

State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The Authority has no investment policy that would further limit its investment choices. As of year end, the Authority held \$615,241 in a bank investment pool that had a credit rating of AAA, as rated by Standard & Poor's.

### Note 5 - Capital Assets

Capital asset activity was as follows:

	Balance July 1, 2007	Additions	Disposals and Adjustments	Balance June 30, 2008
Capital assets not being depreciated -				
Land (MRF site)	\$ 1,550,000	\$ -	\$ -	\$ 1,550,000
Capital assets being depreciated:				
Machinery and equipment	500,000	-	-	500,000
Office furnishings and fixtures	51,969	4,766	-	56,735
Subtotal	551,969	4,766	-	556,735
Accumulated depreciation:				
Machinery and equipment	433,332	33,333	-	466,665
Office furnishings and fixtures	49,677	1,851	-	51,528
Subtotal	483,009	35,184	-	518,193
Net capital assets being depreciated	68,960	(30,418)	-	38,542
Net capital assets	<u>\$ 1,618,960</u>	<u>\$ (30,418)</u>	<u>\$ -</u>	<u>\$ 1,588,542</u>



# **Resource Recovery and Recycling Authority of Southwest Oakland County**

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## **Notes to Financial Statements June 30, 2008**

### **Note 5 - Capital Assets (Continued)**

The \$1,550,000 of land was originally purchased by Waste Management, Inc. during the year ended June 30, 1994. The land has been deeded to the Authority, and the Authority has agreed to lease the land to Waste Management, Inc. at \$1 per year for a 15-year period while it operates the MRF on the site. Rates charged to member communities using the MRF were set so that Waste Management, Inc. recovered its cost of purchasing the land within a 15-year period.

A \$500,000 grant from the State of Michigan was used to purchase machinery to equip the MRF. The accumulated depreciation on this equipment as of June 30, 2008 amounted to \$433,332.

Upon termination of the lease on September 30, 2008, the title to the MRF will be transferred to the Authority. The Authority will record the facility at its fair value, if any, at the time of transfer. (The original cost of the facility is \$5,600,000, of which \$1,125,100 is being funded by charges to member communities).

The Authority worked with the MRF operator (Waste Management, Inc.) to set the rates charged by the operator to residents of member communities such that the costs incurred by the operator to purchase the land and approximately 20 percent of its costs to purchase the MRF were recovered within a 15-year period.

### **Note 6 - Risk Management**

The Authority is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees. The Authority has purchased commercial insurance for medical benefits, workers' compensation, and general liability claims. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

## **Required Supplemental Information**

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# Resource Recovery and Recycling Authority of Southwest Oakland County

## Budgetary Comparison Schedule - General Administrative Fund Year Ended June 30, 2008

	Prior Year Actual	Current Year			Over (Under) Amended Budget
		Original Budget	Amended Budget	Actual	
<b>Revenue</b>					
Member contributions	\$ 215,686	\$ 210,994	\$ 210,994	\$ 210,994	\$ -
Interest income	7,737	4,000	6,500	8,234	1,734
Drop-off income	22,633	20,000	22,000	28,979	6,979
Other	413	500	400	521	121
Total revenue	246,469	235,494	239,894	248,728	8,834
<b>Expenditures</b>					
Supervisory salaries	54,000	55,800	55,800	55,800	-
Permanent salaries	49,763	56,384	56,384	53,874	(2,510)
Overtime	3,291	3,468	3,468	3,468	-
FICA	8,729	9,675	9,675	8,871	(804)
Medical and dental insurance	20,652	21,410	22,304	22,225	(79)
Unemployment insurance	123	137	137	119	(18)
Workers' compensation	760	1,072	918	836	(82)
ICMA contribution	11,865	12,119	12,119	12,119	-
Operating supplies	1,000	1,000	1,000	897	(103)
Office supplies	3,469	4,000	4,000	4,000	-
Postage and mailing	14,018	15,315	13,614	11,716	(1,898)
Magazines and periodicals	346	1,025	1,025	1,008	(17)
Books	613	300	100	50	(50)
Audit	5,500	6,000	6,000	6,000	-
Consulting services - Engineers	-	750	750	663	(87)
Consulting services - Legal	827	1,500	424	-	(424)
Consulting services - Accounting	-	500	-	-	-
Membership dues	1,558	1,800	2,151	2,151	-
Contractual services	6,507	7,580	9,640	9,619	(21)
Contractual services - Drop-off expense	38,412	38,700	40,756	40,745	(11)
Telephone	7,325	7,560	7,560	7,560	-
Vehicle allowance	3,600	4,800	4,800	4,800	-
Community relations	2,566	3,700	3,900	3,668	(232)
Printing and publishing	8,422	9,293	8,087	8,081	(6)
Building and liability insurance	1,224	1,500	1,220	1,213	(7)
Equipment maintenance	2,045	2,500	1,400	1,400	-
Building and grounds maintenance	-	1,000	200	83	(117)
Office equipment rental	3,156	4,300	3,650	3,363	(287)
Conferences and workshops	2,980	3,100	3,100	3,100	-
Expenses and mileage	1,282	3,000	3,400	3,400	-
Education and training	2,890	3,000	2,000	2,000	-
Office equipment	1,825	1,000	4,600	4,442	(158)
Contingency	-	2,602	-	-	-
Total expenditures	258,748	285,890	284,182	277,271	(6,911)
<b>Excess of Expenditures Over Revenue</b>	(12,279)	<b>\$ (50,396)</b>	<b>\$ (44,288)</b>	(28,543)	<b>\$ 15,745</b>
<b>Fund Balance - Beginning of year</b>	117,455			105,176	
<b>Fund Balance - End of year</b>	<b>\$ 105,176</b>			<b>\$ 76,633</b>	

# Resource Recovery and Recycling Authority of Southwest Oakland County

## Budgetary Comparison Schedule - Billing Fund Year Ended June 30, 2008

	Prior Year Actual	Current Year			Over (Under) Amended Budget
		Original Budget	Amended Budget	Actual	
<b>Revenue</b>					
Member contributions	\$ 11,000	\$ 11,000	\$ 11,000	\$ 11,000	\$ -
Interest income	461	250	650	659	9
Total revenue	11,461	11,250	11,650	11,659	9
<b>Expenditures</b>					
Permanent salaries	6,210	6,481	6,481	6,481	-
FICA	510	530	530	530	-
Medical and dental insurance	1,725	1,815	1,894	1,853	(41)
Unemployment insurance	9	10	10	9	(1)
Workers' compensation	31	32	32	32	-
ICMA contribution	312	324	324	324	-
Office supplies	520	550	735	734	(1)
Postage and mailing	1,184	1,350	1,350	1,350	-
Telephone	157	300	300	-	(300)
Equipment maintenance	200	200	734	733	(1)
Expenses and mileage	93	100	100	83	(17)
Contingency	-	200	15	-	(15)
Total expenditures	10,951	11,892	12,505	12,129	(376)
<b>Excess of Revenue Over (Under)</b>					
Expenditures	510	\$ (642)	\$ (855)	(470)	\$ (385)
<b>Fund Balance - Beginning of year</b>	2,305			2,815	
<b>Fund Balance - End of year</b>	<u>\$ 2,815</u>			<u>\$ 2,345</u>	

# Resource Recovery and Recycling Authority of Southwest Oakland County

## Budgetary Comparison Schedule - Materials Recovery Facility Year Ended June 30, 2008

	Prior Year Actual	Current Year			Over (Under) Amended Budget
		Original Budget	Amended Budget	Actual	
<b>Revenue</b>					
Member contributions	\$ 75,316	\$ 75,316	\$ 75,316	\$ 75,316	\$ -
Interest income	18,054	10,000	13,000	11,714	(1,286)
Revenue sharing:					
RRRASOC	88,693	10,000	102,210	142,758	40,548
Non-RRRASOC	49,330	5,000	36,066	45,664	9,598
Host fees	8,873	8,000	8,812	8,924	112
Grant revenue, refunds, and other	35,050	-	70,483	70,483	-
Total revenue	275,316	108,316	305,887	354,859	48,972
<b>Expenditures</b>					
Supervisory salaries	36,000	37,200	37,200	37,200	-
Permanent salaries	14,892	17,683	17,683	15,945	(1,738)
FICA	4,361	4,831	4,831	4,334	(497)
Medical and dental insurance	7,585	7,913	8,233	8,233	-
Unemployment insurance	53	58	58	50	(8)
Workers' compensation	364	364	364	157	(207)
ICMA contribution	6,952	7,084	7,084	7,084	-
Operating supplies	355	400	400	244	(156)
Office supplies	-	900	900	900	-
Audit	2,000	2,100	2,100	1,750	(350)
Consulting services - Engineers	92,264	33,100	61,285	51,715	(9,570)
Consulting services - Legal	7,072	25,000	13,500	10,662	(2,838)
Consulting services - Accounting	-	200	200	-	(200)
Contractual services - Scales	40,853	42,659	42,659	41,589	(1,070)
Telephone	1,769	1,890	1,890	1,784	(106)
Equipment maintenance	-	3,700	3,700	1,275	(2,425)
Conferences and workshops	400	2,000	2,000	913	(1,087)
Expenses and mileage	15	600	800	754	(46)
Office equipment	111	500	500	-	(500)
Contingency	-	1,232	1,032	-	(1,032)
Total expenditures	215,046	189,414	206,419	184,589	(21,830)
<b>Excess of Revenue Over (Under) Expenditures</b>	60,270	<b>\$ (81,098)</b>	<b>\$ 99,468</b>	170,270	<b>\$ 70,802</b>
<b>Fund Balance - Beginning of year</b>	317,844			378,114	
<b>Fund Balance - End of year</b>	<b>\$ 378,114</b>			<b>\$ 548,384</b>	